

# The Minneapolis Upper Harbor Terminal

**Special Study Caucus**

**April 11, 2003**

# Upper Harbor Terminal



- Background
- Commercial Navigation in Minneapolis
- The Terminal
- Policy Issues
- Questions

# The Mississippi Commercial Navigation System

- The navigation system reaches 1800 miles from the Gulf of Mexico to the Soo Line Bridge in Minneapolis.
- The Army Corps of Engineers maintains the system.
- There are a series of 33 locks and dams in 29 locations from Minneapolis to St. Louis with 3 in Minneapolis.
- All locks, except those in Minneapolis, are 105 ft wide and 600 or 1,200 ft in length.
- 9 barges or 15 barges and their tow boats may pass in locks of this size
- Minneapolis' locks are 56 ft. by 400 ft. allowing for passage of only 2 barges and the attending tow boat.
- Below St. Louis the system is maintained entirely by dredging and constraining the flow of the river with “wing dams”
- The river carries over 85,000,000 tons of commercial traffic each year.

# Commercial Navigation System in the United States



# History of Commercial Navigation

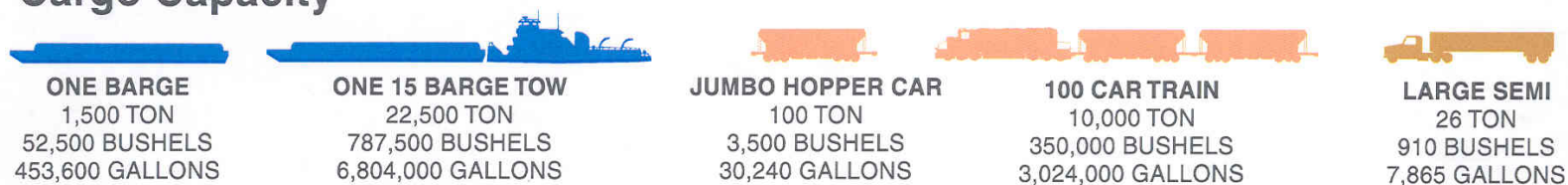
- Commercial navigation in Minneapolis began in 1918 with the arrival of a barge of plows at the original terminal (the “coal flats”) below the Washington Ave. Bridge.
- In 1925 the Interstate Commerce Commission permitted rail companies to set higher rates since it did not deem the River a controlling force north of St. Louis.
- This led Congress to authorize the Army Corps to develop a system to support “tow boats” pushing barges north of St. Louis in the 1930s.
- Congress directed the Army Corps to maintain a channel for 9 foot draft barges.
- In 1937, Congress authorized the extension of the navigation channel above the St. Anthony Falls.
- Congress authorized the funding for the project in 1945, and the project was finally completed in 1963.

# Recreational and Excursion Traffic

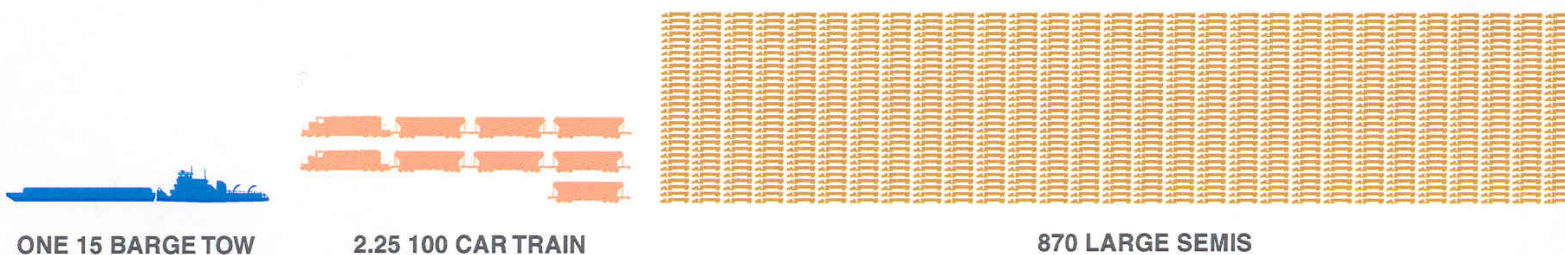
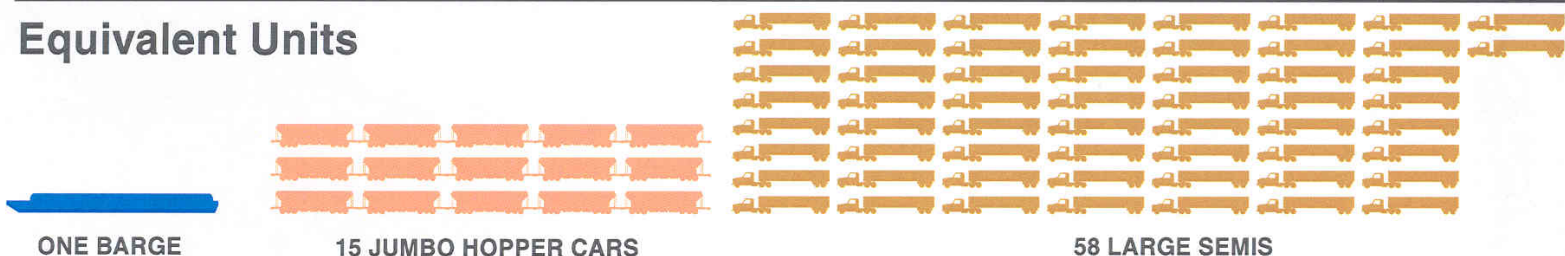
- Congress justified the navigation system as a “national economic benefit” to provide transportation cost savings.
- Recreation and Excursion boat traffic is not part of the Army Corps calculations in justifying the operations of the lock and dam system.
- The Army Corps deems recreation and excursion traffic a regional benefit that would accrue to another area of the country if the lock and dam system did not exist.

# Compare...

## Cargo Capacity



## Equivalent Units



## Equivalent Lengths



# Commercial Navigation Benefits

- Reduced transportation costs
- Reduced truck traffic in the city
  - reducing pollution, saves energy, reduces highway congestion and wear.
- Assures system in place for non-commercial uses



# Influences on Commercial Navigation

- World and National Economy
- Local Construction Activity
- Cost of other transportation modes
- Weather (regional, national, international)

# Commercial Tonnage in 2002

- Minneapolis - 1,721,612
- Minnesota River (Savage) - 5,461,318
- Saint Paul - 5,941,109
- Saint Louis\* - 34,400,000
- New Orleans\* - 85,600,000

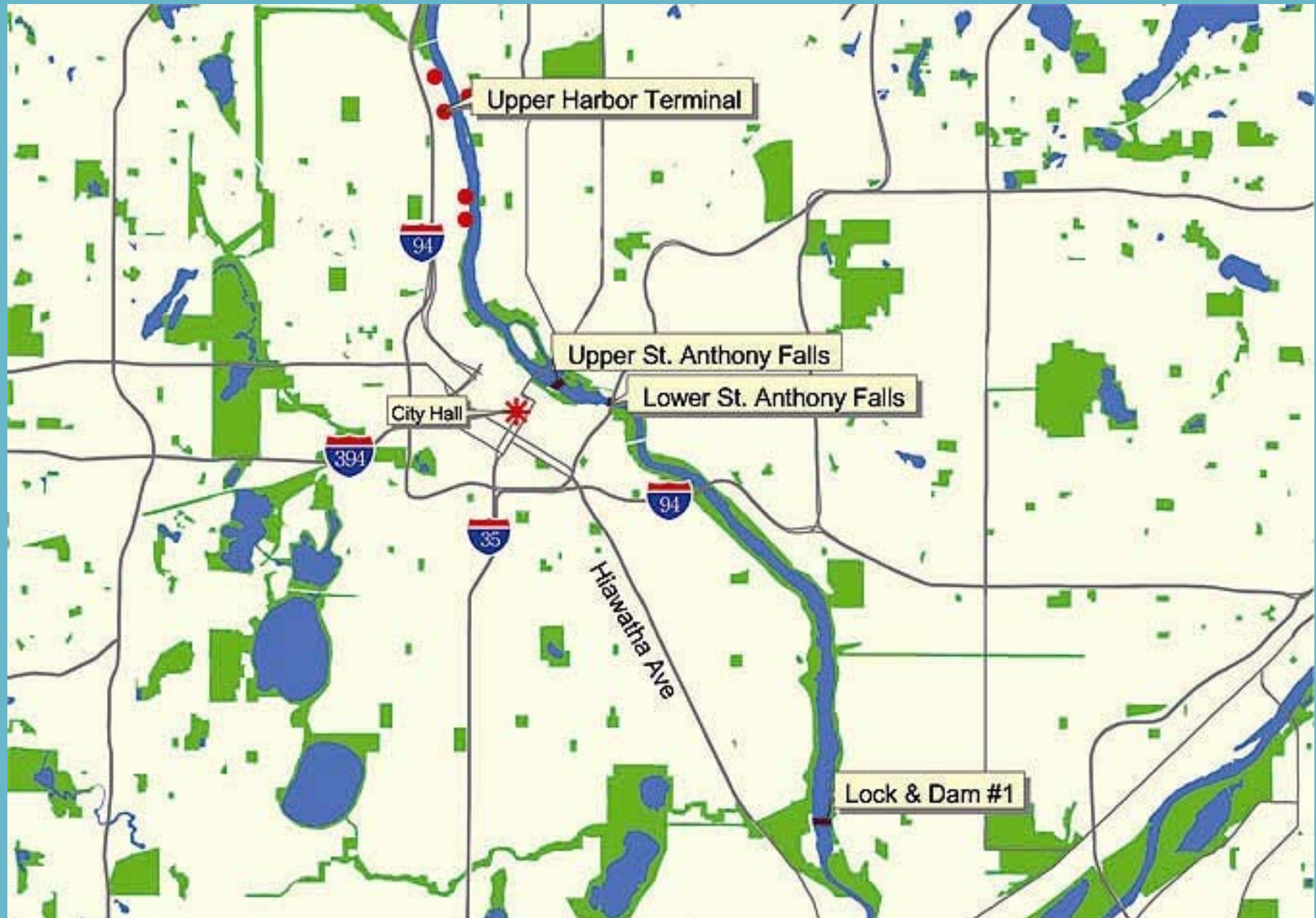
*\* 2000 estimates*

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# Commercial Navigation System in Minneapolis





# Five Terminals above St. Anthony Falls



# Five Terminals above St. Anthony Falls

- Upper Harbor Terminal
  - general commodities
- Aggregate Industries
  - sand, gravel and other aggregates
- American Iron
  - scrap iron
- Xcel Energy's Riverside plant
  - inactive since the early 1980s
- Holcim
  - Cement

# Upper Harbor Terminal



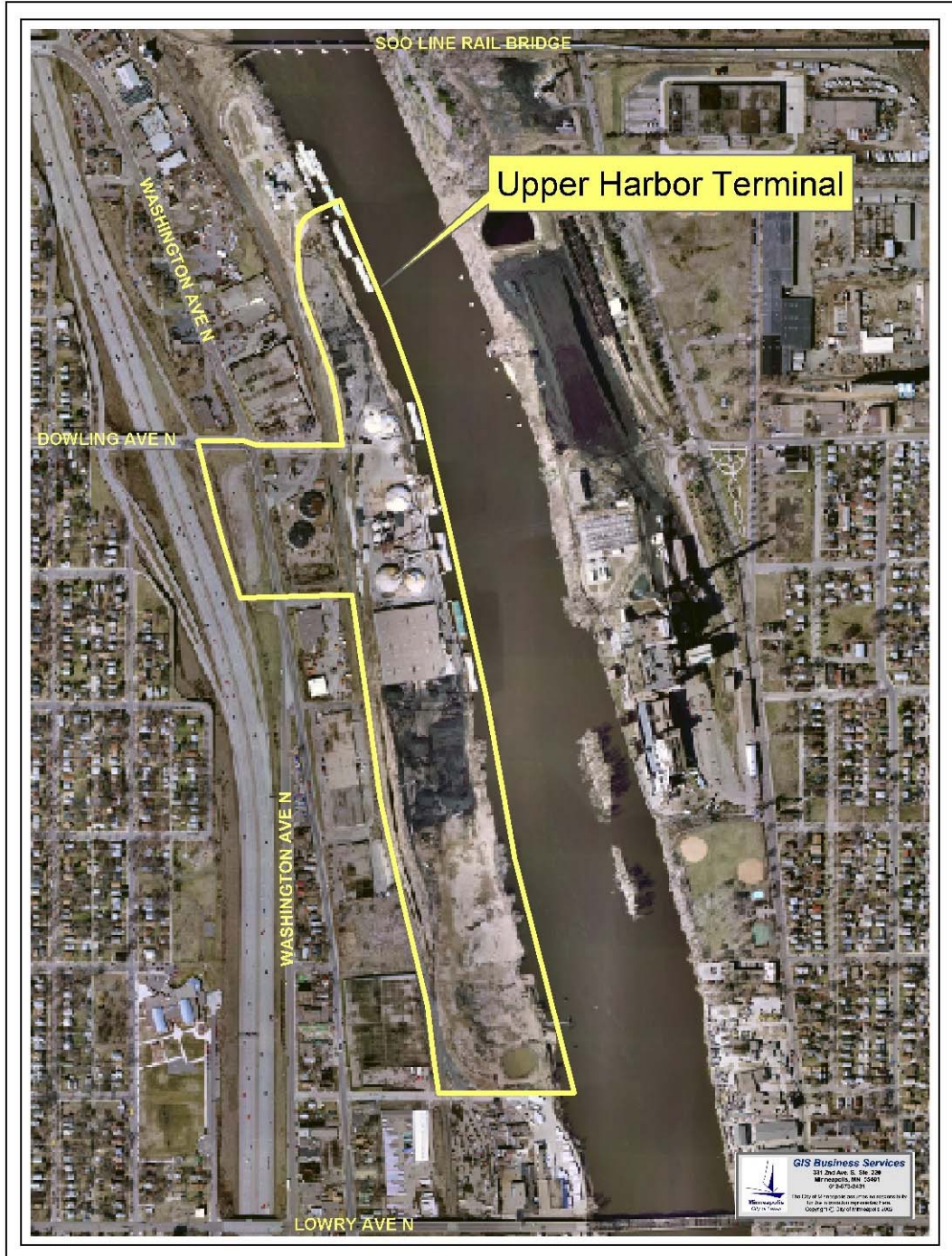
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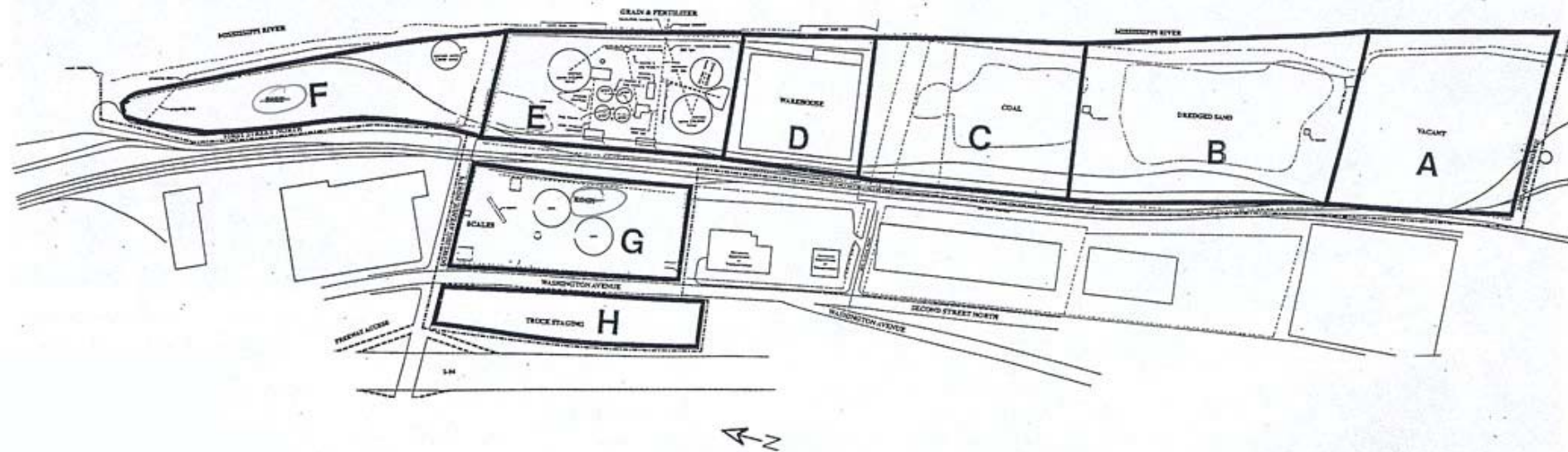
# Upper Harbor Terminal

- 48 acres
- Over 3/4 mile of river frontage
- Canadian Pacific (Soo) RR forms barrier to adjacent properties





# Terminal Map



A - Vacant

B - Dredged Material

C - Coal

D - Warehouse

E - Granular Facility

F - Bulk

G - Scales/Asphalt Tanks

H - Truck Staging

# UHT Facilities

- 110,000 sq. ft warehouse
- 4 granular storage domes with:
  - 16,000, 12,000, 8,000 and 2,000 ton capacities
- Conveyor system
  - provides transfer between barge, storage, rail, or trucks.
- Certified truck and rail scales
- Ten acres of asphalt pads for bulk commodities storage
- Two 200 foot docks
- 2.5 miles of Rail tracks (able to accommodate 150 rail cars)

# UHT Equipment

- 1,150 feet of portable conveyor
- 4 front-end loaders
- 6 fork lifts
- 1,200 hp locomotive
- 105 ton crane
- 400 hp tow boat
- Radios and other communication equipment

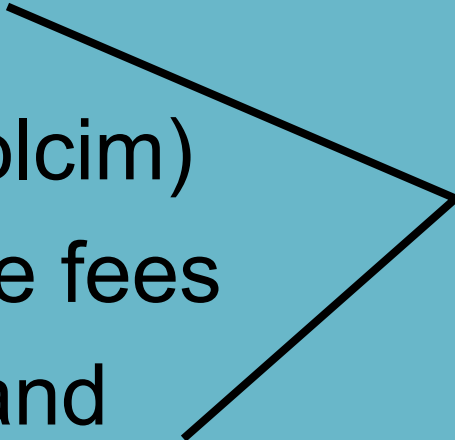
# Commodities handled at the UHT

## (Projections for 2003)

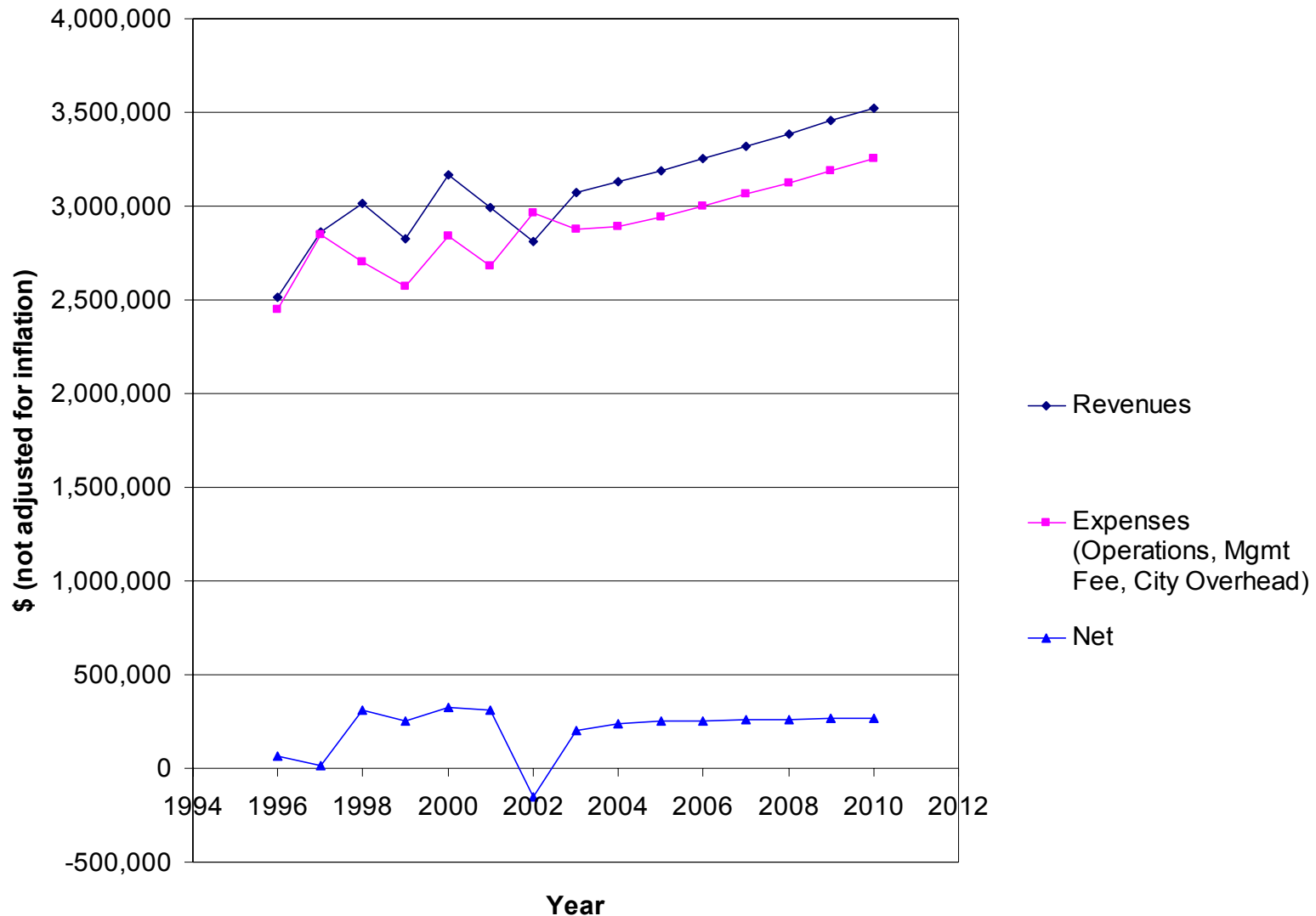
Barge = 1,500 tons	Train Car = 100 tons	Large Semi Truck = 26 tons
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- Grain (corn, wheat, soybeans) - 270,000 tons
- Fertilizer (potash, phosphate, urea) - 250,000 tons
- Coal - 120,000 tons
- Twine and Steel - 46,000 tons
- Light weight aggregate - 25,000 tons
- Magnetite - 9,000 tons
- Bunker sand - 4,500 tons

# UHT Sources of Revenue

- Commodity handling - 80 percent
  - Commodity storage - 15 percent
  - Barge cleaning
  - Barge handing (Holcim)
  - Truck and rail scale fees
  - Sale of dredged sand
- 
- 5 Percent

# River Terminal Financial History & Projections





# Above the Falls Master Plan

- River Terrace neighborhood
  - 2,000 residents; views of downtown
  - 15-30 units per acre
  - North of Dowling lower density between tracks and Washington Ave.
  - Access to downtown 5 minutes by car, 10 minutes by transit.
  - “Fingers of Green” into adjacent neighborhoods across 94 and to the east bank of the river (economic justice issue).
- Pedestrian walkway and cascading stairway North of Lowry
- Ped/Bike deck attached to SOO line bridge
- Across the river reuse (Xcel plant retooling)



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# Policy Options and Issues

- Continued operations of Terminal without capital investments or improvements through 2010
- Continued operations of Terminal with capital investments or improvements;
- Closure of the Terminal.

# Continued Operations Through 2010

- Currently UHT net revenues are used for projects associated with the Upper River Master Plan
- No capital investments
- Maintain existing equipment or lease as necessary while ensuring positive revenues
- Net revenues projected to be \$200,000 to \$300,000 annually

# Continued Operations with Investments

(2002 dollars)

- Maintain real estate improvements
  - Paint storage domes \$100,000
  - Replace rail at north end \$75,000
- Acquire equipment
  - Two front end loaders totaling \$320,000
  - 30,000 lb. capacity fork lift \$125,000
  - Crane \$600,000
- Construct appropriate improvements
  - Salt storage \$1,200,000
- TOTAL \$2,420,000
  - most of these expenses are eligible for a State Port Assistance Grant (80% State and 20% local)

# Closure

(2002 dollars)

- All possible policy options will encounter closure issues at some time.
- Closure of the Terminal will not in itself lead to closure of the commercial navigation system in Minneapolis
- New dredged material disposal site must be identified
- Demolition \$1,950,000
- Equipment salvage value (estimate) \$270,000
- Net closure (demolition minus sale of equipment) - \$1,680,000
- Property Management \$70,000 per year
- Current city overhead is \$40,000
- Annual net property management - \$30,000
- Xcel Energy transmission lines may need to be removed
- Re-use may necessitate additional infrastructure

# Considerations

- In 2000, the City Council directed that net revenues from river terminal operations be used for MCDA projects associated with the Upper River Plan.
  - River Terminal revenues have been used to acquire property adjacent to the Terminal and are now committed to the MCDA's Grain Belt project. The outstanding balance on the loan from the Common Project for Grain Belt is \$1,500,000.
- Total projected revenues from 2003 through 2010 are \$1,425,000 without improvements
- The Park Board has been approached by Congressman Sabo's Office with a potential for \$2,000,000 of Federal funding for a Mississippi River project and Park Board staff have proposed PB acquisition of a 150' strip of the Terminal's riverfront land. PB staff indicate they would lease the land back to the City for \$1.00 per year for continued operation of the Terminal until the City is ready to close it down.



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